

HECM By the Numbers

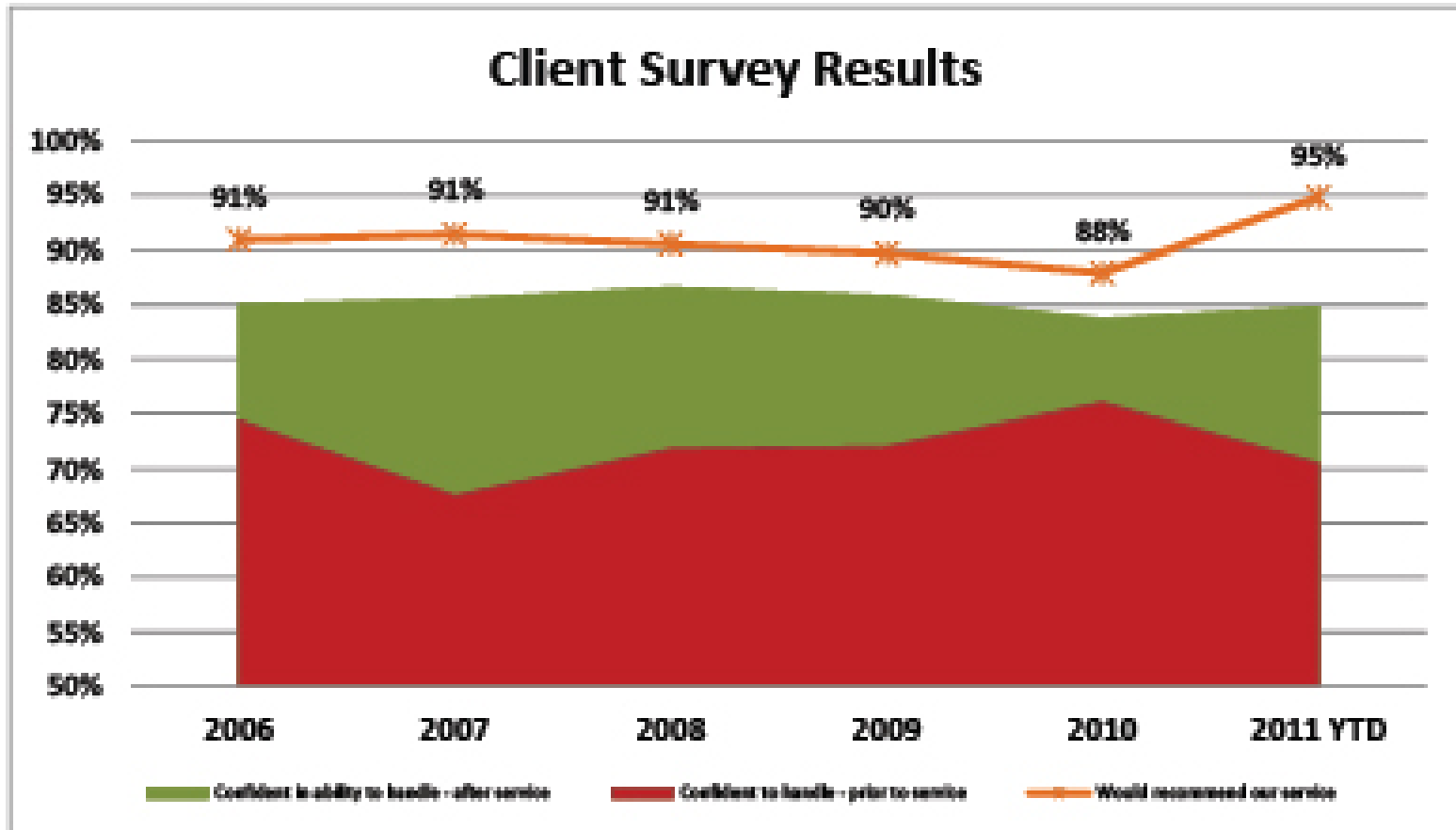
*Sue Hunt, Director of Reverse
Mortgage Counseling*

October 24, 2011

CredAbility is a Leader in HECM Counseling

- More than 34,000 homeowners considering a reverse mortgage counseled since 2003
- More than half of the 34,000+ homeowners counseled by CredAbility came to us since 2010
- Large pool provides rich database to identify client needs and to develop a profile of an average homeowner seeking HECM loan

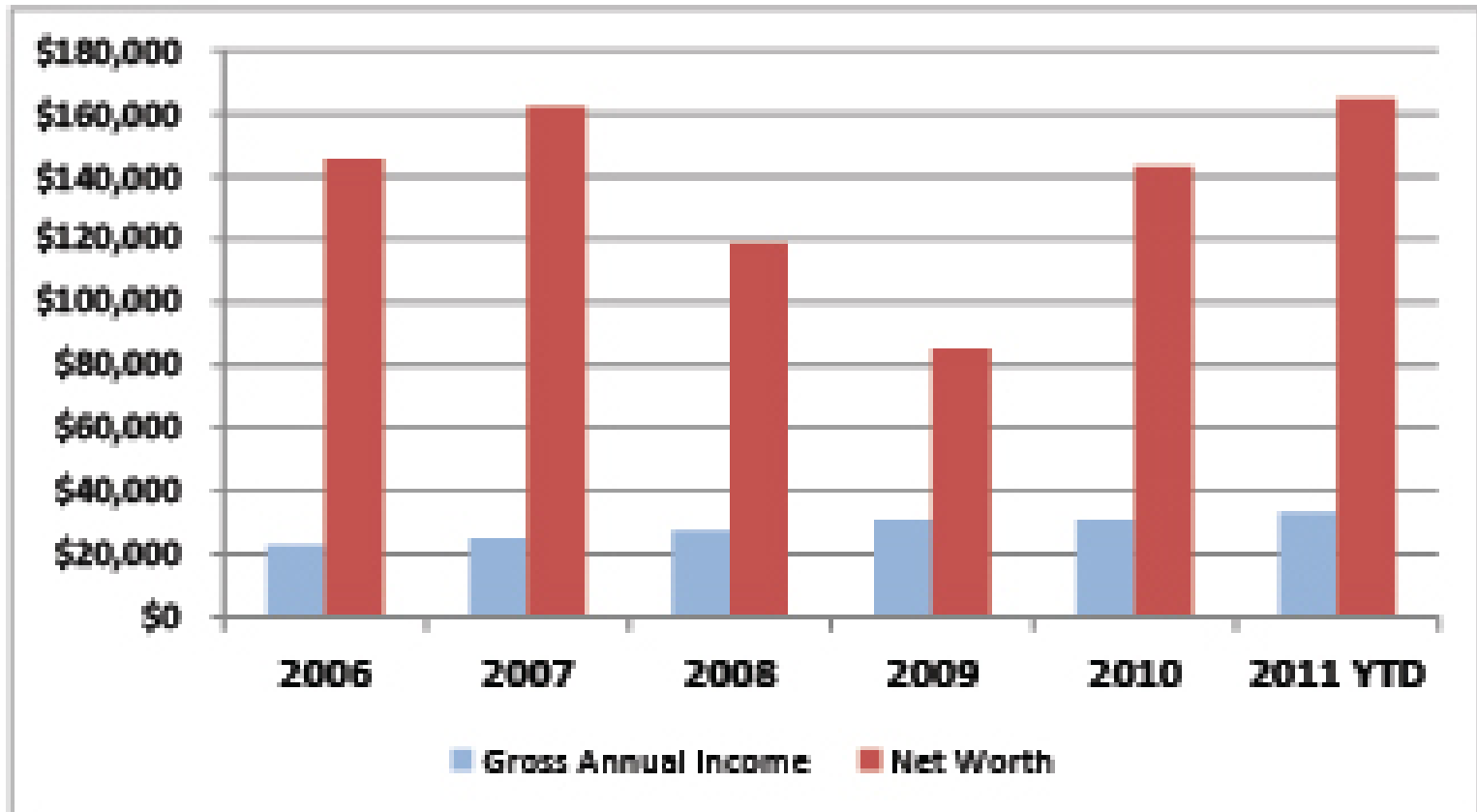
Counseling Gives HECM Clients Sense of Control



The Changing CredAbility HECM Client Profile

	2006	2010
Age	73	72
Female	61%	53%
Annual Income	\$22,534	\$30,758
Monthly Deficit	(\$556)	(\$837)

Profile of the CredAbility Reverse Mortgage Client



HECM Loans are Sometimes Used as a “Quick Fix”

Many homeowners seeking a reverse mortgage are looking for a quick fix to financial challenges, when other options could be explored first:

- Social Services
- Budget Counseling
- Debt Management Plans
- Food and Medical Assistance

Many Pre-Loan HECM Clients are in Fragile Shape

Despite \$646 monthly household budget surplus, 6.8% report during counseling they are behind on their mortgage

Nearly 22% report a budget deficit AFTER working with a counselor to develop a post-reverse mortgage budget

HECM Default Clients More Fragile Than Pre-loans

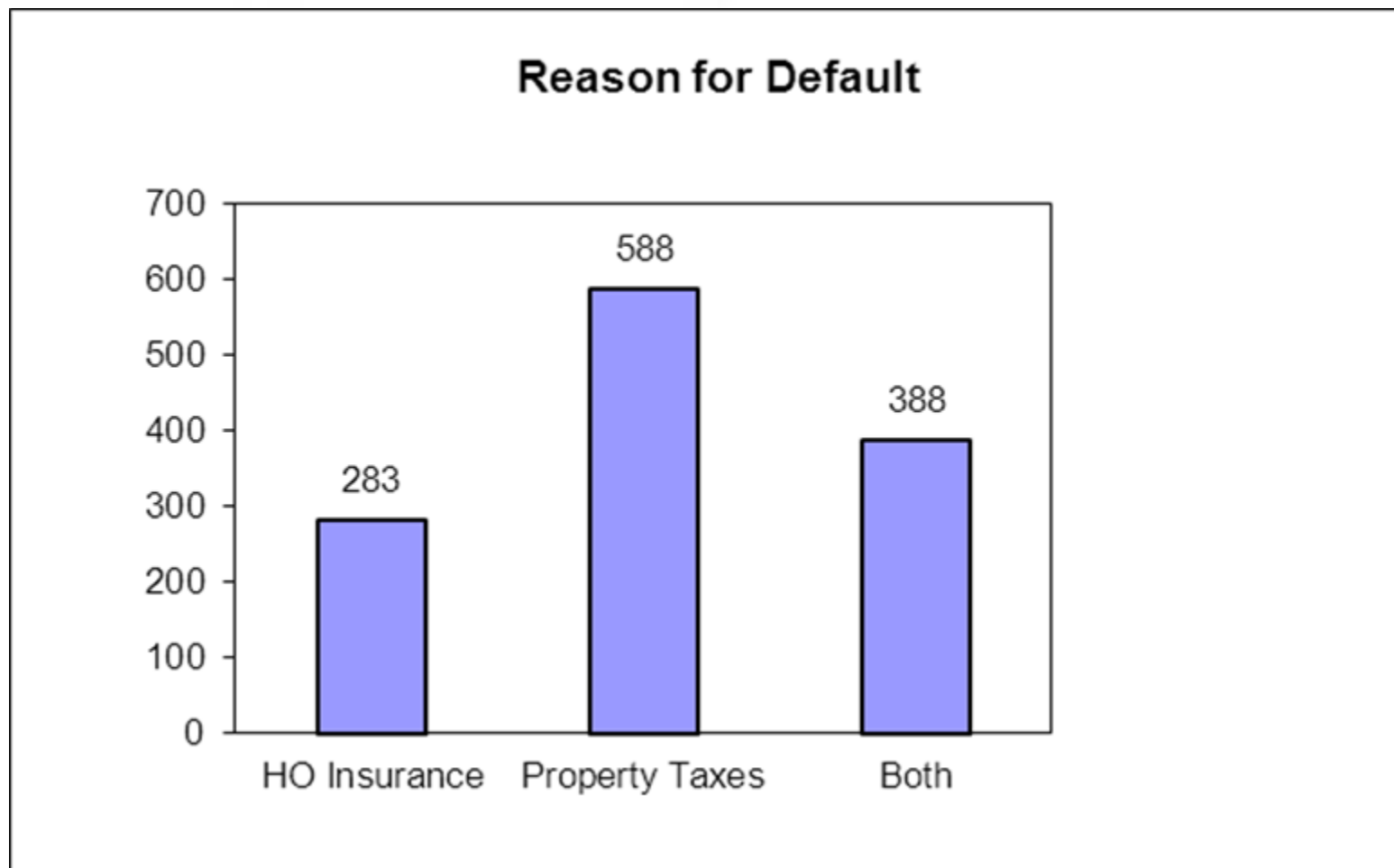
	Default	Pre-loan
Monthly Income	\$1,472	\$2,559
Monthly Expenses*	\$1,165	\$1,572
Taxes and HOA	\$281	\$341
Monthly Surplus	\$26	\$646

* (Excludes housing costs)

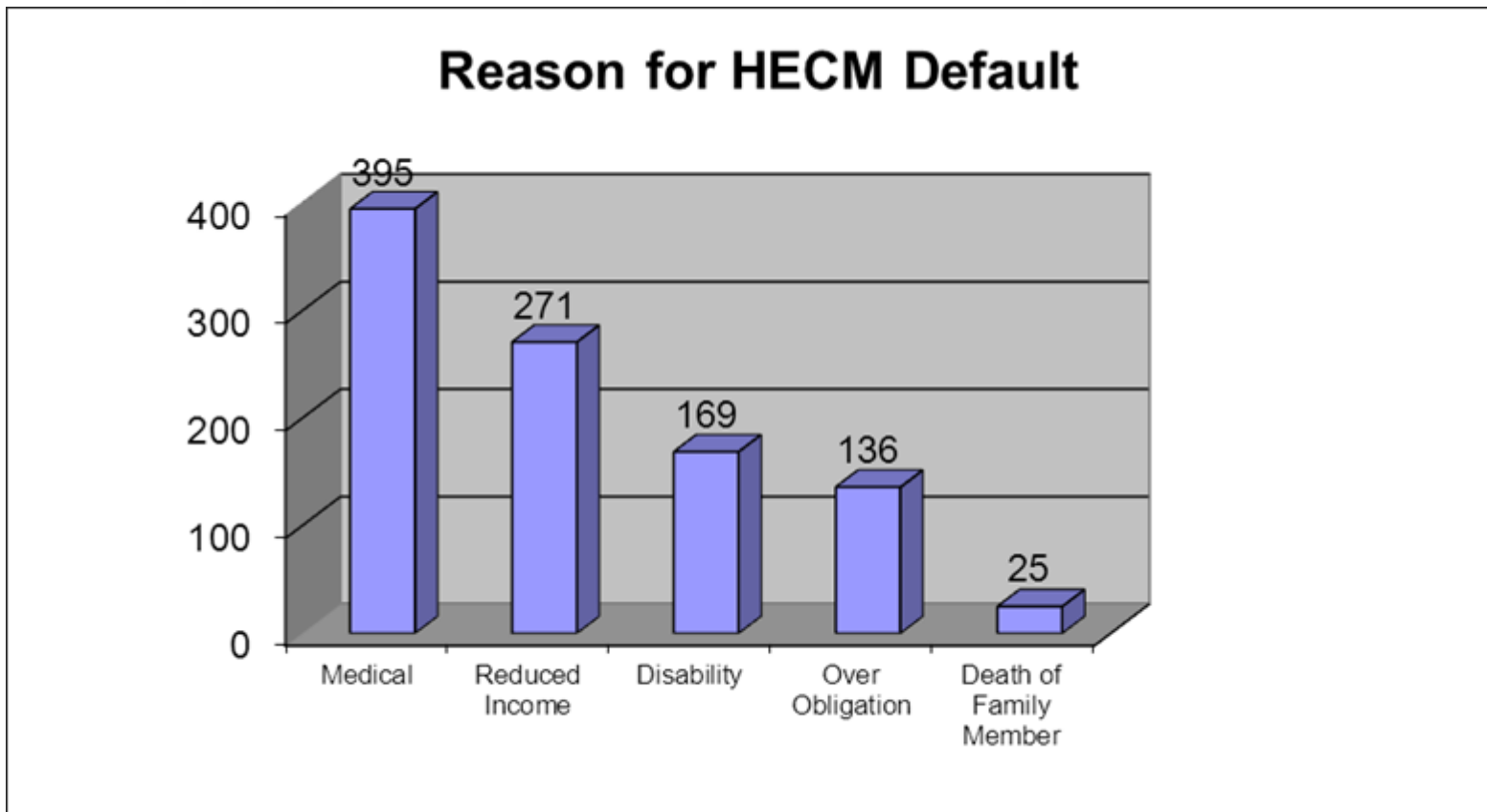
HECM Default Clients More Fragile Than Pre-Loans

	Default	Pre-loan
Avg Tax/Insurance	\$6,966	N/A
Avg Home Value	\$172,868	\$234,445
Avg Credit Score	588	671

What Prompts a HECM Default?



HECM Defaults Often Follow Personal Setbacks



Outcomes for HECM Default Clients

After CredAbility's Reverse Mortgage Counseling, three Likely Results

- A monthly budget is affordable after spending patterns are adjusted and homeowner can afford repayment plan
- Challenges require a move to ongoing counseling, but given time and support problems seem solvable
- The person cannot afford a 24-month repayment plan and must take steps to prepare for living arrangements after a technical default. Lack of resources makes this difficult.

For Many, Few Resources to Solve Problems

Affordable, safe housing for medically fragile homeowners is hard to find in most locations.

Traditional homeowners insurance is unaffordable, or even unavailable in hardest hit areas

- California
- Florida
- Texas

What About the HUD Repayment Plan?

Only 16% of CredAbility Reverse Mortgage clients in default can afford the HUD-approved 24-month repayment plan

An additional 23% would qualify for a repayment plan if the allowable time period was increased from 24 to 36 months



CredAbility 

Nonprofit Credit Counseling & Education